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Concrete decisions: pay now or pay later?

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The buildings we occupy account for more than a fifth of the UK's greenhouse gas emissions¹ and 80% of the buildings we'll use in 2050 already stand today.²

The built environment sits at the intersection of three converging pressures – the carbon it emits, the climate it must now withstand, and the affordability crisis it must help solve. With the sector at a tipping point after years of higher rates, costs, and a slow planning system, housebuilders must balance these pressures while delivering long-term value and homes fit for future generations.

In collaboration with Barratt Redrow, Rothschild & Co Wealth Management UK co-hosted a dinner bringing together developers, investors, policymakers and built-environment experts to share learnings and discuss the challenges facing the sector.

SKELETONS IN THE CLOSET: WHAT WE BUILD VS. HOW IT RUNS

Every building has a skeleton in its “closet”. Long before anyone turns on the heating, the concrete, fabric and fittings have already left their mark on the climate. The built environment is responsible for almost 40% of global carbon emissions, with 10% from embodied carbon from materials and construction processes.³

On running costs, new homes have come a long way: nearly nine in ten new homes in England are now rated EPC A or B, while most

existing homes assessed sit at C or D.⁴ The bar will rise again however; from March 2027, the Future Homes Standard will require new homes in England to emit at least 75% less carbon than those built to 2013 standards.⁵ The Government estimates this adds over £4,000 to the average new home, but fitting the same measures later would cost considerably more.⁶ Regulation has set the floor; the economics have to do the rest.

The harder challenge is embodied carbon: the emissions from extracting, manufacturing and building with the materials in our homes. As homes become more efficient to run, this becomes the frontier, leaving the housebuilder caught between materials it doesn't manufacture and a supply chain it can influence but not control.

Many housebuilders have committed to net zero across their entire value chain, which puts the materials themselves in the spotlight – none more so than concrete, which makes up almost two-fifths of the materials that go into a typical home.⁷ Cement is the most carbon-intensive part of concrete, and over half of cement's emissions come from making clinker, its key ingredient.⁸ Speciality chemicals that allow some of that clinker to be replaced with lower-carbon alternatives are already available and represent the kind of opportunity sets that shape our thinking when investing in public markets. This represents one of many innovations targeting the environmental impact of construction

¹ 2025 UK greenhouse gas emissions: provisional figures - statistical release - GOV.UK

² Retrofitting homes for net zero

³ World Green Building Council, Net Zero Carbon Buildings Commitment expands to include embodied carbon

⁴ Energy Performance of Buildings Certificates Statistical Release: April to June 2026 England and Wales - GOV.UK

⁵ UK Parliament, Written statement HCWS1445: Future Homes and Buildings Standards (24 March 2026)

⁶ MHCLG, Final stage impact assessment: Future Homes Standard (March 2026), sections 2.6 and 13.4

⁷ Barratt Redrow, information provided to Rothschild & Co, October 2026

⁸ Chatham House, Making Concrete Change: Innovation in Low-carbon Cement and Concrete (June 2018)

“It has to work as a business model; subsidies only work as a kickstart”



“Our job is to be here in a thousand years’ time,
not just tomorrow”



materials. The challenge, particularly for early-stage innovations, is delivering this within constrained build costs and at scale.

England’s new-build rules are broadly in step with its peers, but its existing housing stock is among the least energy-efficient in Europe.⁷ However, sometimes the lowest-carbon building is the one already standing. One London scheme cut embodied carbon by 21% by repurposing a stranded 1980s office block rather than rebuilding.⁹ The scheme also created 20 social-rent homes, student housing and a community kitchen.¹⁰ So the argument for whether to retrofit or rebuild can sometimes come down to the longer term picture of impact.

DESIGNING FOR THE WORLD WE GET, NOT THE ONE WE WANT

There is a growing chance that climate commitments will slip. If mitigation falls short, the question shifts away from how to reduce carbon to how to build homes that cope with the climate we face in the future.

The warning signs are already here. The Climate Change Committee has warned that the British way of life is under threat from heat, flooding and drought.¹¹ Homes at risk of flooding could rise to 2.6 million within 20 years, and roughly 20% of homes in England already experience overheating.¹²

This exposes an uncomfortable tension: airtight, well-insulated homes that save energy in winter can overheat in summer. Barratt Redrow’s analysis puts the maximum unmitigated cost of adapting its designs to hotter summers at up to £5m of extra build costs.¹³ How we keep homes cool matters too. Bolting air conditioning on to an existing home carries around five times the whole-life embodied carbon compared to cooling designed into a new build home, largely because traditional units rely on potent refrigerant gases.¹⁴ Adaptation done badly can undo mitigation.

The good news is that the solutions already exist. The CCC says “proven technologies are available now” and that acting will cost far less than doing nothing.¹¹ Overheating in new homes is already covered by Part O of the Building Regulations,¹⁵ and builders are testing what works in practice: Barratt Redrow leads sector research on overheating through its Energy House 2.0 facility.^{16 13}

A JUST TRANSITION: WHO PAYS, AND WHO BENEFITS?

Every measure in this report: lower-carbon materials, heat pumps, homes built for heat and flood will cost money up front. So, who should pay: the buyer, the builder or those setting the standards? A just transition means the answer cannot leave those least able to pay carrying the cost or missing out on the benefits.

The scale of the issue is stark. House prices stand at roughly eight times average earnings, and over 1.3 million households sit on social housing waiting lists.⁹

The gap is widest for renters: private renters in England are almost three times as likely to be in fuel poverty vs. owner-occupiers.¹⁷ Tenants are also powerless to any form of installations be that insulation or a heat pump, which is why the Government’s Warm Homes Plan pairs direct support for low-income households with new minimum standards for landlords.¹⁸

Housebuilders are a bigger part of the answer than many realise. Over the past decade, private developers delivered almost half of England’s new affordable homes through planning agreements,¹⁹ and Barratt Redrow’s affordable completions for example rose by more than a quarter last year.²⁰ Yet thousands of these homes have struggled to find a housing association buyer,²¹ as providers squeezed by the cost of upgrading their existing homes pull back²² – the green and the affordable competing for the same pound.

⁹ ReGenerate and Quality of Life Futures, The Good Development Plan (August 2026)

¹⁰ Fabrix, Walworth Corners featured in Good Development blueprint (21 August 2026); The Good Development Plan, case study

¹¹ British way of life under threat from heat, flooding, and drought - Climate Change Committee

¹² Our homes are not ready for climate change | Local Government Association

¹³ Barratt Redrow plc, Annual Report and Accounts 2026

¹⁴ Barratt Redrow, “Energy efficiency and carbon reduction in New Build vs Retrofit”, presentation to Rothschild & Co, October 2026

¹⁵ Climate Change Committee, Progress in adapting to climate change: 2025 report to Parliament

¹⁶ Energy House 2.0 – Barratt Redrow plc

¹⁷ DESNZ, The Fuel Poverty Strategy for England (January 2026)

¹⁸ DESNZ, Warm Homes Plan (updated March 2026)

¹⁹ Resolution Foundation, Housing Outlook Q3 2026 (July 2026)

²⁰ Barratt Redrow plc, Results for the 52 weeks ended 28 June 2026 (16 September 2026)

²¹ Joseph Rowntree Foundation, Getting homes built: why social and affordable capacity is key

²² Onward, The Hard Truth Facing Developers (September 2025)

Funding for new affordable homes is rising. The Government's £39bn Affordable Homes Programme is welcomed, but buyers will need support too.¹³

This is where the three themes collide: the most efficient and resilient home is often the most expensive to build. But the price tag is only half the story. A home rated EPC A or B costs around £420 a year less to run than a D-rated one.²³ Lenders are starting to price this in. Green mortgages offer slightly cheaper rates, on energy-efficient homes, and Bank of England research finds two-thirds of them finance new builds, easing credit for buyers of new homes.²⁴ Green deals still make up only around a tenth of the mortgages on offer however, down from a sixth in 2023,²⁵ but the mechanisms exist to turn lower bills into buying power.

So what does “socially responsible construction” require? One report offers a simple test: a house is only a home “if it is affordable, safe and sustainable to live in”.⁹ By that measure, building more is not enough; “we must build all of it better”. A just transition, in other words, is not a separate goal: it is what happens when efficiency, resilience and affordability are designed together.

CONCLUSION

Cutting carbon, adapting to a changing climate and keeping homes affordable can look like goals that pull against each other. There is evidence that could suggest otherwise. Efficiency lowers bills, building resilience in from the start costs far less than adding it later, and, if the costs are shared fairly, the transition can widen access to good homes rather than narrow it. Progress depends on suppliers, entrepreneurs, housebuilders and policymakers understanding one another's constraints and solving them together.

Above all, building well asks us to think long term: the up-front cost of a lower-carbon, more resilient home is repaid over decades in lower bills, fewer repairs and stronger communities.

“Affordability and sustainability go hand in hand. Prioritising lower environmental impact, reduced running costs and long-term stewardship creates homes that benefit residents today and deliver lasting value for communities in the future.”⁹

Kristy Lansdown, Managing Director
Development, The Crown Estate

Capturing that value at scale will need every part of the chain to move and to trust that others will follow. Build well, and the homes of today become an inheritance for the next generation, not a liability passed down to them.

We would also like to extend our thanks to Oliver Novakovic, Jo Waddingham, and John Messenger from Barratt Redrow, Will Jones from Rothschild & Co Redburn, as well as everyone who attended the event, for their contributions, enthusiasm and engagement throughout the evening.

²³ Home Builders Federation, Watt a Save: The new build advantage (February 2026)

²⁴ Bank of England, Product innovation in the UK mortgage market: the case of green mortgages (Staff Working Paper No. 1,167, January 2026)

²⁵ Financial Times, UK lenders pull back from green mortgage market (August 2025)



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